

NORTH DAKOTA LEGISLATIVE MANAGEMENT

Minutes of the

HIGHER EDUCATION COMMITTEE

Thursday and Friday, August 18-19, 2016

Room E221, University of North Dakota School of Medicine and Health Sciences
1301 North Columbia Road, Grand Forks, North Dakota

Representative Mark Sanford, Chairman, called the meeting to order at 8:30 a.m. on Thursday, August 18, 2016.

Members present: Representatives Mark Sanford, Thomas Beadle, Lois Delmore, Kathy Hawken, Richard G. Holman, Dennis Johnson, Bob Martinson, Lisa Meier, David Monson, Kylie Oversen, Mike Schatz, Cynthia Schreiber Beck, Roscoe Streyle; Senators Tim Flakoll, Ray Holmberg, Karen K. Krebsbach, Carolyn C. Nelson, David O'Connell, Larry J. Robinson

Members absent: Representatives Tracy Boe, Mark Dosch, Matthew M. Klein

Others present: Alex J. Cronquist, Legislative Council, Bismarck
See [Appendix A](#) for additional persons present.

It was moved by Senator Robinson, seconded by Representative Delmore, and carried on a voice vote that the minutes of the June 7-8, 2016, meeting be approved as distributed.

Mr. Mark Kennedy, President, University of North Dakota, welcomed the committee to the campus.

HIGHER EDUCATION STUDY**University of North Dakota School of Medicine and Health Sciences Advisory Council Report**

Dr. Joshua Wynne, Dean, University of North Dakota School of Medicine and Health Sciences, and Mr. David Molmen, Chairman, University of North Dakota School of Medicine and Health Sciences Advisory Council, provided a report ([Appendix B](#)) on the School of Medicine and Health Sciences. Mr. Molmen said the purpose of the advisory council is to study and make recommendations regarding the strategic plans, programs, and facilities of the school. He said recommendations of the advisory council must address the health care needs of the people of the state and provide information regarding the state's health care workforce.

Dr. Wynne said the University of North Dakota (UND) School of Medicine and Health Sciences is still in the process of implementing the health care workforce initiative. He said the initiative includes the following four major initiative areas:

- Reduce disease burden to lower the demand for health care services and related costs;
- Train more physicians and health care providers by increasing medical and health science class sizes and expanding residency programs;
- Retain more health care providers in the state through programs such as the RuralMed scholarship program; and
- Improve the efficiency of the health care delivery system by training health care providers in interprofessional health care teams and by the use of learning communities.

Mr. Brad Gibbens, Deputy Director, Center for Rural Health, University of North Dakota School of Medicine and Health Sciences, provided an update ([Appendix C](#)) on the health care workforce needs of the state. He said several health care centers have experienced difficulty recruiting and retaining health care employees. He said the school is working to assist in the placement of graduates in the state to address the workforce shortage.

In response to a question from Senator Robinson, Mr. Gibbens said health care centers in smaller communities may have more difficulty recruiting employees due to location and additional demands placed on health care workers in rural settings. He said the medical school is working with communities to connect rural providers with health care services in larger communities.

In response to a question from Chairman Sanford, Mr. Gibbens said health care facilities in rural areas are increasingly relying upon mid-level providers to address workforce shortages. However, he said, it is still important to have full-time physicians staffing the rural facilities.

Dr. Gwen W. Halaas, Senior Associate Dean for Education, University of North Dakota School of Medicine and Health Sciences, presented information ([Appendix D](#)) regarding interprofessional health education and care. She said the goals of interprofessional learning communities include fostering leadership and teamwork, engaging in interprofessional education, and encouraging service learning. She said team-based care uses the principles of team dynamics to perform effectively in planning and delivering care that is safe, timely, efficient, and equitable.

In response to a question from Senator Nelson, Dr. Halaas said medical training programs include humanities education and small group discussions to improve critical thinking skills.

University of North Dakota School of Medicine and Health Sciences Research Activities

Dr. Wynne presented information ([Appendix E](#)) regarding research activities at the UND School of Medicine and Health Sciences. He said during fiscal year 2015, approximately \$25 million of research was sponsored at the medical school. He said the sources of research funding at the medical school during fiscal year 2015 included federal (81 percent), private (13 percent), and state (6 percent).

Dr. Colin Combs, Chairman, Department of Biomedical Sciences, University of North Dakota School of Medicine and Health Sciences, presented information ([Appendix F](#)) regarding research activities of the department. He said the department is focusing research on neuroscience, epigenetics, and host-pathogen interactions. He said the department published approximately 160 research documents in 2015.

In response to a question from Senator Holmberg, Dr. Combs said citations to research data are monitored.

Dr. Wynne said the number of citations to a researcher's work is used in evaluating the performance of the employee.

Dr. Donald A. Sens, Pathology Professor, University of North Dakota School of Medicine and Health Sciences, presented information ([Appendix G](#)) regarding the North Dakota Idea Network of Biomedical Research Excellence (INBRE). He said INBRE is being used to develop the next generation of health care professionals through undergraduate research and training experience. He said from 2009 to 2015, over 309 undergraduate students have performed INBRE-supported research at undergraduate institutions in the state.

Dr. Gary G. Schwartz, Population Health Professor, University of North Dakota School of Medicine and Health Sciences, presented information ([Appendix H](#)) regarding population health research. He said one research project is focusing on the high rate of chronic lymphocytic leukemia in the state. He said a major cause of the disease is the high radon levels found in homes. He said part of the research project is to educate the public about the effect of radon levels on an individual's health.

Dr. Stephen Wonderlich, Psychiatry and Behavioral Science Professor, University of North Dakota School of Medicine and Health Sciences, presented information ([Appendix I](#)) regarding a research project on eating disorders and bariatric surgery. He said the research focused on causes of eating disorders in individuals and post-bariatric surgery outcomes.

Committee Tour

Dr. Wynne distributed information ([Appendix J](#)) regarding the new UND School of Medicine and Health Sciences facility and led the committee on a tour of portions of the facility. On the tour, the committee viewed classroom, research, clinical skills, and learning community spaces.

Valley City State University Heating Plant Project

Dr. Tisa Mason, President, Valley City State University, provided comments regarding the institution's heating plant replacement project. She said the institution is working with the UND Energy and Environmental Research Center (EERC) to determine the feasibility of developing a method to generate activated carbon as part of the project.

Mr. Rick Tonder, Director of Facilities Planning, North Dakota University System, said the proposed Valley City State University heating plant project would produce activated carbon from lignite coal. He said the revenue generated from the sale of activated carbon would repay the project costs in 5 to 10 years. He said the institution would have an additional revenue source in the future.

In response to a question from Representative Streyle, Mr. Tonder said Valley City State University may seek legislative approval to issue revenue bonds to finance the project.

Dr. Steve Benson, Associate Vice President for Research, Energy and Environmental Research Center, University of North Dakota, said the Valley City State University heating plant project would produce granular and powdered activated carbon. He said granular activated carbon is generally used for water purification while powdered activated carbon is used for mercury emissions control.

North Dakota State University Research Index Tool

Dr. Kelly A. Rusch, Vice President for Research and Creative Activity, North Dakota State University, presented information ([Appendix K](#)) regarding the North Dakota State University (NDSU) Research Toolbox website. She said the website allows businesses, researchers, students, and others the ability to find research equipment at the institution. She said the website also allows individuals to access information regarding researchers and subject matter experts at the institution.

In response to a question from Senator Flakoll, Dr. Rusch said each piece of research equipment has an established value that is used to determine an hourly operating rate that is charged to private businesses that use the equipment.

In response to a question from Representative Delmore, Dr. Rusch said the university generally carries insurance on all research equipment. She said the costs of insurance coverage are built into usage rates charged for using the equipment.

University of North Dakota Research Activities

Dr. Grant McGimpsey, Vice President for Research and Economic Development, University of North Dakota, presented information ([Appendix L](#)) regarding research activities at the institution. He said the institution focuses on research that involves students and prepares them to be leaders in their career path. He said the research also focuses on addressing major challenges of society while benefiting the state through technology and workforce development that drives economic prosperity.

Mr. Thomas A. Erickson, Chief Executive Officer, Energy and Environmental Research Center, University of North Dakota, presented information ([Appendix M](#)) regarding research at the center. He said the center has conducted several field projects throughout North America, including power and emission control testing, carbon sequestration demonstrations, seismic surveys, monitoring and verifying carbon dioxide injection, and containment cleanup and water management. He said there were approximately \$45 million of new contracts at the center during fiscal year 2016.

In response to a question from Senator O'Connell, Mr. Erickson said the center is involved in projects located in other countries, including Canada. He said the center has been working with Canadian entities on a carbon sequestration project.

Mr. Mike Hennes, Vice President for Transmission, Minnkota Power Cooperative, Inc., presented information ([Appendix N](#)) regarding research on power line component failure. He said the cooperative is working with higher education partners to develop methods to identify the presence of failing components on power lines. He said the cooperative is also working to use unmanned aerial vehicles for power line inspections.

Mr. Dave Hambleton, Advanced Systems Development Manager, Northrop Grumman Corporation, provided comments regarding partnerships with UND. He said Northrop Grumman is developing relationships with the institution for unmanned aerial vehicle operations and training. He said the institution has also provided crew resource training to company personnel and has conducted weather research for the company.

Mr. Matt Dunlevy, President and Chief Executive Officer, SkySkopes, presented information ([Appendix O](#)) regarding partnerships with UND. He said SkySkopes provides aerial data to clients by utilizing unmanned aerial vehicles. He said the company benefits from unmanned aerial vehicle research and training at the university.

North Dakota University System Research Funding

Dr. Richard Rothaus, Vice Chancellor of Academic and Student Affairs, North Dakota University System, presented information ([Appendix P](#)) regarding research funding at North Dakota University System institutions. He said during fiscal year 2015, NDSU and UND each received approximately \$60 million of external research awards. He said the amount of grant awards has remained stable at each institution over the past 3 fiscal years.

In response to a question from Senator Nelson, Dr. Rusch said NDSU and UND receive similar amounts of funding through the North Dakota Experimental Program to Stimulate Competitive Research.

In response to a question from Representative Streyle, Dr. Rothaus said the amount of research funding received by each institution is generally self-reported through surveys. He said variances may occur based on how the data is reported at each institution.

Update on Issues Affecting the University of North Dakota

Mr. Kennedy provided comments regarding issues affecting the institution. He said the institution recently implemented several changes relating to the budget of the athletics department. He said the institution is also making other adjustments as a result of recent state budget shortfalls.

The committee recessed at 4:00 p.m. and reconvened at 8:30 a.m. on Friday, August 19, 2016.

University System Campus Mission Task Force

Dr. Larry C. Skogen, President, Bismarck State College, presented information ([Appendix Q](#)) regarding the University System campus mission task force. He said the task force was formed in 2015 to determine if the workforce needs of the state, and regions of the state, are being met by the current structure and program delivery of the University System. He said the task force reviewed the 5-year trends in program completions and analyses of future trends in education, training, and workforce needs.

Dr. Skogen said the task force determined education and training degrees offered in one region of the state do not translate into employers being able to employ those skilled workers in another part of the state. He said the task force also found uneven employee pools for jobs depending on location and salary levels.

In response to a question from Chairman Sanford, Dr. Skogen said industry needs often dictate the programs offered at each institution. He said some institutions have expanded their mission to meet workforce needs.

In response to a question from Representative Monson, Dr. Skogen said consideration is given to efficiency when determining programs offered at an institution. He said instead of expanding the mission of an institution, a partnership may be developed with another institution to offer the program remotely. He said an example of a partnership is Dickinson State University offering bachelor's degree programs on the campus of Bismarck State College.

In response to a question from Representative Delmore, Dr. Skogen said some of the data reviewed by the campus mission task force was obtained during the peak of energy development in the state. He said some of the data may need to be adjusted due to the new economic conditions in the state.

In response to a question from Senator Nelson, Dr. Skogen said Bismarck State College is the only 2-year institution to offer a 4-year degree. He said the degree is related to a specialty energy program.

In response to a question from Representative Martinson, Dr. Skogen said he believes the State Board of Higher Education is willing to make adjustments to programs offered by institutions. He said the Chancellor has indicated that collaboration and cooperation among institutions is a priority. He said it is easier to eliminate a program at an institution than start a new program at an institution.

In response to a question from Representative Holman, Dr. Mark R. Hagerott, Chancellor, North Dakota University System, said the University System has recently made several adjustments to address the short-term workforce needs of the state. He said the University System is also reviewing the long-term needs of the state. He said an event was held in May with private sector partners to identify long-term workforce needs.

In response to a question from Chairman Sanford, Dr. Skogen said higher education stakeholders need to define what is considered to be reasonable access to a program. He said many programs are available online and can be accessed by students in all parts of the state. However, he said, some community representatives believe programs should be offered in remote locations to adequately provide program access.

In response to a question from Representative Martinson, Mr. Nick Hacker, Member, State Board of Higher Education, said the State Board of Higher Education has the ability and political will to make changes to programs offered at institutions. He said the board needs to base its decisions on data identifying that programs should be offered at each institution. He said the board is still working to obtain data in certain workforce shortage areas, such as teacher shortages, to allow for an informed response to the issue.

Unified Workforce, Vocational, and Technical Education Program System

Dr. Rothaus provided an update ([Appendix R](#)) on the development of a unified workforce, vocational, and technical education program system. He said the 2015 Legislative Assembly established the Workforce Education Advisory Council to advise the State Board of Higher Education regarding the skills and qualifications needed for workforce training, vocational, and technical education programs offered at institutions under the control of the board. He said the membership of the council consists of representatives of state agencies and private businesses.

Dr. Rothaus said the Workforce Education Advisory Council first met in January 2016 and developed a council charter. He said the council also reviewed state workforce programs and budgets and high-demand occupation areas.

In response to a question from Senator Krebsbach, Dr. Rothaus said the council does not include a member that has expertise in agricultural areas.

University System Personnel and Administrative Costs

Dr. Lisa Feldner, Vice Chancellor for Information Technology and Institutional Research and Chief of Staff, North Dakota University System, presented information ([Appendix S](#)) regarding personnel and administrative costs at University System institutions. She said the University System uses a broadband classification system to group jobs that have similar skill requirements and duties. She presented the following schedule detailing the number of administrator positions by institution type:

University System Administrator Count by Sub-Band by Institution Type					
Position	2005 Count	2010 Count	2015 Count	Increase from 2005 to 2015	
Executive					
Research universities	14	16	17	3	21%
Regional universities	21	21	21	0	0%
Community colleges	14	15	16	2	14%
Total - Executive	49	52	54	5	10%
Dean					
Research universities	17	18	17	0	0%
Regional universities	4	4	5	1	25%
Community colleges	6	6	6	0	0%
Total - Dean	27	28	28	1	4%
Officer					
Research universities	58	63	68	10	17%
Regional universities	4	6	5	1	25%
Community colleges	12	12	15	3	25%
Total - Officer	74	81	88	14	19%
Non-banded administrator					
Research universities	3	3	3	0	0%
Community colleges	0	1	1	1	100%
Total - Non-banded administrator	3	4	4	1	33%
Non-banded EERC position					
Research universities	27	33	32	5	19%
Total - Non-banded EERC position	27	33	32	5	19%
Director, Associate Director, Manager					
Research universities	55	69	77	22	40%
Regional universities	53	58	65	12	23%
Community colleges	28	34	37	9	32%
Total - Director, Associate Director, Manager	136	161	179	43	32%
Associate Dean					
Research universities	6	8	11	5	83%
Total - Associate Dean	6	8	11	5	83%
Assistant Dean					
Research universities	3	3	3	0	0%
Total - Assistant Dean	3	3	3	0	0%
Grand total	325	370	399	74	23%

Dr. Feldner presented the following information regarding the average salaries of administrators by sub-band and institution type:

University System Administrator Average Salaries by Sub-Band by Institution Type					
Position	2005 Average Salary	2010 Average Salary	2015 Average Salary	Increase from 2005 to 2015	
Executive (Presidents only)					
Research universities	\$192,006	\$308,730	\$363,082	\$171,076	89%
Regional universities	\$161,549	\$187,295	\$218,440	\$56,891	35%
Community colleges	\$136,007	\$168,037	\$194,938	\$58,931	43%
University System average	\$157,423	\$203,879	\$237,967	\$80,544	51%
Executive (Excluding Presidents)					
Research universities - Excluding medical school	\$126,231	\$173,565	\$215,017	\$88,786	70%
Research universities - Medical school	\$337,547	\$525,000	\$674,588	\$337,041	100%
Regional universities	\$77,839	\$98,746	\$118,154	\$40,315	52%
Community colleges	\$83,516	\$109,663	\$128,911	\$45,395	54%
University System average	\$100,097	\$134,992	\$164,554	\$64,457	64%
Dean					
Research universities	\$132,596	\$181,410	\$219,544	\$86,948	66%
Regional universities	\$79,435	\$101,698	\$119,442	\$40,007	50%
Community colleges	\$70,697	\$90,878	\$110,367	\$39,670	56%
University System average	\$110,965	\$150,623	\$178,274	\$67,309	61%
Officer					
Research universities	\$80,465	\$109,409	\$128,862	\$48,397	60%
Regional universities	\$61,117	\$70,987	\$94,081	\$32,964	54%
Community colleges	\$67,729	\$79,866	\$95,998	\$28,269	42%
University System average	\$77,354	\$102,186	\$121,284	\$43,930	57%
Director, Associate Director, Manager					
Research universities	\$63,876	\$85,483	\$98,451	\$34,575	54%
Regional universities	\$43,224	\$56,061	\$65,332	\$22,108	51%
Community colleges	\$54,326	\$66,226	\$80,535	\$26,209	48%
University System average	\$53,862	\$70,817	\$82,721	\$28,859	54%
Associate Dean					
Research universities - Excluding medical school	\$86,482	\$137,688	\$160,115	\$73,633	85%
Research universities - Medical school			\$500,000	N/A	N/A
University System average	\$86,482	\$137,688	\$191,014	\$104,532	121%
Assistant Dean					
Research universities	\$53,695	\$71,317	\$90,632	\$36,937	69%
University System average	\$53,695	\$71,317	\$90,632	\$36,937	69%

In response to a question from Representative Oversen, Dr. Feldner said the State Board of Higher Education has directed the University System office to develop consistent market comparisons for employees in each institutional tier.

In response to a question from Representative Streyle, Dr. Feldner said she would provide information to the committee regarding average salary increases for instructional staff in each institutional tier.

Representative Streyle said consideration also needs to be given to employee benefit packages when reviewing market comparisons for positions.

Representative Hawken said the compensation data may not address differences in the cost of living in various parts of the state.

In response to a question from Senator Flakoll, Dr. Feldner said she would provide the committee with information regarding the number of professors that are also counted as an administrator.

In response to a question from Senator Holmberg, Dr. Feldner said the State Board of Higher Education is reviewing instances where administrators return to a teaching role, but retain the higher salary level of a leadership position.

Distance Education Courses

Dr. Rothaus presented information ([Appendix T](#)) regarding distance education courses. He said the costs of providing distance education courses can vary significantly by program. He said an online accounting course offered by Minot State University costs \$6,858 to provide while an online mechanical fundamentals course at Bismarck State College costs \$14,279 to provide.

In response to a question from Senator O'Connell, Dr. Rothaus said the University System does not specifically monitor the success of students in college who completed a home-based secondary education.

In response to a question from Representative Holman, Dr. Rothaus said some courses are offered in a hybrid format which incorporates both classroom and online learning. He said it is difficult to classify certain courses as either being on-campus or online.

In response to a question from Representative Streyle, Dr. Rothaus said University System institutions are currently utilizing multiple platforms to offer distance education courses. He said the University System is transitioning to a single platform for all institutions. However, he said, there may still be unique platforms used for specialized courses.

Mr. Zachery Allen, National Energy Center of Excellence Project Manager, Bismarck State College, said online courses provide the same curriculum as traditional classroom courses. He provided a demonstration of an online course simulation program offered by Bismarck State College.

Dr. Julee Russell, Professor of English, Valley City State University, presented information ([Appendix U](#)) regarding online courses. She said traditional classroom courses are becoming more blended to provide a portion of curriculum online. She said regardless of delivery type, accrediting entities are expecting that institutions have appropriate methods to ensure student and teacher interaction. She said online courses have many of the same needs as classroom courses, including student services, financial aid, and faculty salaries.

In response to a question from Representative Streyle, Dr. Russell said the University System has a staff position that assists in collaboration among campus distance education coordinators. However, she said, most online course development and training is at the campus level.

Demonstration of the E-Transcripts System

Mr. Tracy Korsmo, Program Manager, Enterprise Services Division, Information Technology Department, presented information ([Appendix V](#)) regarding the E-Transcripts system. He said the system is used by elementary and secondary schools to track courses completed by a student. He said the system can be used to transfer information among school districts or to colleges. He said the system also has a student and parent portal to allow for the viewing of transcripts.

In response to a question from Representative Streyle, Mr. Korsmo said the E-Transcripts system could be utilized at higher education institutions. He said a uniform application system at University System institutions could allow for students to use e-transcripts to apply for admission to system institutions.

In response to a question from Representative Meier, Mr. Korsmo said the E-Transcripts system is currently being used by several school districts.

In response to a question from Senator Flakoll, Mr. Korsmo said the E-Transcripts system utilizes a national clearinghouse to transfer transcripts to certain entities.

In response to a question from Senator Nelson, Mr. Korsmo said most larger school districts in the state, with the exception of Fargo and West Fargo, use the E-Transcripts system. He said the Fargo and West Fargo school districts utilize a different program to process student transcripts.

In response to a question from Senator Flakoll, Mr. Korsmo said the E-Transcripts system allows students to monitor progress towards meeting the requirements to receive an academic or career and technical education scholarship. He said the system does not currently allow students to search for scholarships offered by individual institutions.

University System Internal Auditing

Ms. Laura Schratt, Director of Audit Services, North Dakota University System, presented information ([Appendix W](#)) regarding the distribution of funding from the University System internal audit funding pool. She said to date, \$140,451 of funding has been used from the funding pool. She said the funding was used to continue the employment of three existing University System internal audit staff from July through October 2015. She said in October 2015 one of the internal audit staff members was terminated and two internal audit staff members obtained employment with UND. She said potential uses of the remaining funding include external consulting services and the payment of salary and benefit costs of the Director of Audit Services.

In response to a question from Representative Streyle, Mr. Hacker said University System institutions pay for several systemwide services, such as internal auditing, through campus assessments.

Representative Martinson said there is confusion regarding the use of internal and external higher education auditors. He said the Legislative Assembly transferred the higher education internal auditors to the State Auditor's office during the 2015 legislative session, but now the University System is hiring internal auditors again.

Representative Streyle said internal and external auditors are utilized for different purposes and it is important to have both types of auditors. He said the State Board of Higher Education should consider adopting policies to further define the roles of internal auditors employed by the University System.

Update on Higher Education External Auditors and Legal Staff

At the request of Chairman Sanford, the Legislative Council staff provided an update on the transition of higher education external auditors and legal staff. The Legislative Council staff said the 2015 Legislative Assembly authorized six new higher education auditors in the State Auditor's office. He said to date, four of the positions have been filled and the remaining two positions are being left vacant due to general fund budget reductions.

The Legislative Council staff said the 2015 Legislative Assembly authorized seven higher education attorney positions in the Attorney General's office. He said all seven attorney positions have been filled.

Senator Holmberg suggested the committee receive information regarding the locations and duties of the higher education attorney positions.

University System Graduate Pass Rates on Occupational Examinations

Dr. Rothaus presented information ([Appendix X](#)) regarding the pass rates of University System graduates on occupational licensing examinations. He said 93 percent of University System graduates meet or exceed the passing rates on occupational licensing examinations. He said some occupational examinations have recorded a 100 percent pass rate for University System graduates.

Tribal College Assistance Grants

Ms. Tammy Dolan, Chief Financial Officer, North Dakota University System, presented a summary report ([Appendix Y](#)) pursuant to North Dakota Century Code Section 15-70-05 regarding tribal college assistance grants. She said the 2015 Legislative Assembly appropriated \$1 million for tribal college assistance grants to be distributed equally during each year of the 2015-17 biennium. She said of the amount appropriated, \$500,000 was from the general fund and \$500,000 was from the student loan trust fund. She said due to general fund budget reductions, the appropriation from the general fund was reduced to \$479,750.

Ms. Dolan said \$5,091.83 of grant funding was awarded per full-time equivalent (FTE) nonbeneficiary student during the 2015-16 academic year. She presented the following schedule detailing the allocation of grant funding during the 2015-16 academic year:

Tribal College Assistance Grants - 2015-16 Academic Year			
Institution	Headcount of Nonbeneficiary Students	FTE Enrollment of Nonbeneficiary Students	Grant Funds Provided
Cankdeska Cikana Community College	18	12.42	\$63,225
Fort Berthold Community College	21	17.00	86,561
Sitting Bull College	4	3.83	19,517
Turtle Mountain Community College	29	19.79	100,778
United Tribes Technical College	51	43.17	219,794
Total	123	96.21	\$489,875

Reports on Use of Deferred Maintenance and Extraordinary Repairs Funding

Ms. Dolan presented information regarding allocations from the University System deferred maintenance funding pool ([Appendix Z](#)) and matching funds used for extraordinary repairs ([Appendix AA](#)). She said the 2015 Legislative Assembly appropriated \$8.7 million for a deferred maintenance funding pool to be distributed to five campuses. She said through July 31, 2016, \$5,722,658 has been approved to be distributed from the pool for various projects. She said remaining funds to be distributed from the pool will be adjusted due to general fund budget reductions. She presented the following schedule detailing the status of the distributions:

University System Deferred Maintenance Funding Pool Allocations Through July 31, 2016					
Institution	Original Allocation	Approved Distributions for Projects	Remaining Balance Prior to General Fund Budget Reductions	Adjustment for General Fund Budget Reductions	Remaining Balance
North Dakota State University	\$3,500,000	\$3,500,000	\$0	\$0	\$0
University of North Dakota	3,500,000	1,350,000	2,150,000	(157,061)	1,992,939
Bismarck State College	700,000	700,000	0	0	0
Mayville State University	500,000	172,658	327,342	(23,913)	303,429
Lake Region State College	500,000	0	500,000	(36,526)	463,474
Total	\$8,700,000	\$5,722,658	\$2,977,342	(\$217,500)	\$2,759,842

Ms. Dolan said the 2015 Legislative Assembly required each institution to provide \$2 of local matching funds for each \$1 of state funding provided for extraordinary repairs. She said sources of matching funds utilized by institutions include operating funds, carryover funds, and local funds and reserves. She said some institutions reduced funding for extraordinary repairs due to general fund budget reductions. She presented the following information regarding the use of extraordinary repairs funding:

Extraordinary Repairs and Matching Funds Used Through June 30, 2016						
Institution	Original Appropriation for Extraordinary Repairs	Required Matching Funds	Total Funding Available	Budget Reduction Adjustment	Funding Used	Remaining Funds
Bismarck State College	\$417,673	\$835,346	\$1,253,019	(\$749,823)	(\$70,706)	\$432,490
Lake Region State College	155,367	310,734	466,101	(466,101)	0	0
Williston State College	197,801	395,602	593,403	0	(269,233)	324,170
University of North Dakota	4,411,566	8,823,132	13,234,698	0	(13,234,698)	0
North Dakota State University	2,732,244	5,464,488	8,196,732	0	(7,030,603)	1,166,129
North Dakota State College of Science	1,012,379	2,024,758	3,037,137	(1,102,779)	(845,852)	1,088,506
Dickinson State University	409,078	818,156	1,227,234	(409,078)	0	818,156
Mayville State University	358,992	717,984	1,076,976	(1,076,976)	0 ¹	0 ¹
Minot State University	899,620	1,799,240	2,698,860	(1,200,000)	(318,302)	1,180,558
Valley City State University	408,319	816,638	1,224,957	(568,131)	(206,876)	449,950
Dakota College at Bottineau	114,007	228,014	342,021	0	0	342,021
Total	\$11,117,046	\$22,234,092	\$33,351,138	(\$5,572,888)	(\$21,976,270)	\$5,801,980

¹Mayville State University previously transferred \$80,000 from its operations line item to its capital assets line item which will be used for extraordinary repairs.

In response to a question from Representative Delmore, Ms. Dolan said University System institutions have the authority to continue unexpended appropriations into the subsequent biennium. She said any unused 2015-17 biennium deferred maintenance or extraordinary repairs funding remains available for institutions to use in the 2017-19 biennium.

In response to a question from Representative Oversen, Ms. Dolan said some institutions identified deferred maintenance and extraordinary repairs funding as reductions to meet the requirements of the Governor's general fund budget allotments. She said funding reductions as a result of the budget allotments will not be restored and are considered a permanent reduction to the current biennium appropriations.

Facility Maintenance and Utilization Information

Mr. Tonder presented information (Appendices [BB](#) and [CC](#)) regarding facility operating and maintenance costs and space utilization of auxiliary buildings. He said the type of facility construction and the use of a facility has a significant impact on operating costs. He said the annual cost per square foot of operating a vocational training laboratory facility is approximately \$4.25 while the annual cost per square foot of operating a controlled agent research laboratory is approximately \$9.90.

Mr. Tonder said occupancy rates of residence halls on campuses range from 56 to 100 percent. He said occupancy rates may be lower if a portion of a residence hall is under renovation and is unavailable for occupancy. He said some residence halls have low utilization rates due to the condition of the facility or portions of the facility being used for other purposes.

In response to a question from Representative Delmore, Mr. Tonder said facilities costs may also depend on the salaries and wages of facilities staff. He said effective staff members produce a high rate of return on the facilities infrastructure of a campus.

In response to a question from Senator Robinson, Mr. Tonder said there may not be much difference in the operating costs of older and newer buildings. He said new buildings are required to meet certain building and safety code requirements which results in additional costs.

In response to a question from Senator Holmberg, Mr. Tonder said he would provide the committee with information regarding low occupancy rates at certain residence halls located at the University of North Dakota and Williston State College.

CONSIDERATION OF BILL DRAFTS **Higher Education Challenge Grant Program**

The Legislative Council staff reviewed a bill draft [17.0160.01000] to continue the higher education challenge grant program. He also reviewed a similar bill draft [17.0188.01000] to continue the higher education challenge grant program, but require that all grant funding be used for student scholarships. He said the bill drafts provide an appropriation from the student loan trust fund for the grant program.

The Legislative Council staff said the 2015 Legislative Assembly appropriated \$23.5 million for the grant program during the 2015-17 biennium. Of the funding appropriated, \$7 million was designated to be available to each research institution, \$1 million was designated to be available to each non-research institution, and \$500,000 was designated to be available to non-research institutions that were awarded \$1 million of grants during the biennium.

It was moved by Representative Martinson and seconded by Representative Beadle to amend bill draft [17.0188.01000] to provide funding for grants at the same level as the current biennium, and to approve and recommend the bill draft, as amended, to the Legislative Management.

Representative Martinson, with the consent of the second, later withdrew the motion.

Representative Oversen said she prefers the bill draft that does not restrict grants only for scholarships. She said campuses have other needs that can be addressed through the program.

Representative Schreiber Beck said she supports the bill draft that allows for multiple uses of grant funds.

In response to a question from Senator Holmberg, the Legislative Council staff said the student loan trust fund is estimated to have a balance of \$27 million at the end of the 2015-17 biennium.

Representative Streyle said the grants should be limited to scholarships if the student loan trust fund is the source of funding for the program.

Representative Martinson said it is easier to raise funds for buildings and facilities than for student scholarships. He said limiting the grants to be used only for scholarships would encourage more people to donate funds for scholarships.

Senator Flakoll said the current program language allows grants to be used for educational infrastructure. However, he said, it has been difficult to define what is considered educational infrastructure.

Senator Krebsbach said endowed chairs and investments in educational infrastructure also benefit students. She said she supports allowing the grants to be used for multiple purposes.

Senator Nelson said she supports continuing the program but does not agree with the program provision that prohibits grants to be used for athletic scholarships.

Chairman Sanford asked for public comment on the bill draft.

Mr. Hacker said he supports the bill draft. He said significant work has been done to define projects that are considered educational infrastructure and eligible to receive grant funding.

It was moved by Representative Martinson, seconded by Representative Beadle, and carried on a roll call vote to amend bill draft [17.0160.01000] to provide funding for grants at the same level as the current biennium, and to approve and recommend the bill draft, as amended, to the Legislative Management. Representatives Sanford, Beadle, Delmore, Hawken, Holman, Martinson, Meier, Oversen, and Schreiber Beck and Senators Flakoll, Holmberg, Krebsbach, Nelson, O'Connell, and Robinson voted "aye." Representatives Monson and Streyle voted "nay."

Higher Education Funding Formula

The Legislative Council staff reviewed a bill draft [17.0176.01000] relating to the minimum amount payable through the higher education funding formula. He said the higher education funding formula provides that during a fiscal year an institution is to receive at least 96 percent of the funding that the institution received in the prior fiscal year. He said the minimum amount payable provision expires on June 30, 2017. He said the bill draft would remove the sunset clause on the provision.

It was moved by Senator O'Connell, seconded by Senator Holmberg, and carried on a roll call vote that the bill draft relating to the minimum amount payable through the higher education funding formula be approved and recommended to the Legislative Management. Representatives Sanford, Beadle, Delmore, Hawken, Holman, Oversen, and Schreiber Beck and Senators Flakoll, Holmberg, Krebsbach, Nelson, O'Connell, and Robinson voted "aye." Representatives Martinson, Meier, Monson, and Streyle voted "nay."

Prohibition of Campus Assessments

The Legislative Council staff reviewed a bill draft [17.0178.01000] to prohibit the State Board of Higher Education from imposing assessments on institutions for operations of the University System office. He said the bill draft would allow assessments of institutions only if the State Board of Higher Education receives prior approval from the Budget Section of the Legislative Management.

Representative Streyle said he does not support the bill draft. He said the bill draft removes flexibility from the State Board of Higher Education to offer certain systemwide services.

Representative Hawken said she supports the bill draft. She said there was discussion earlier in the meeting about campuses being required to pay for services, such as internal auditing, after the Legislative Assembly took action on the issue.

Senator Flakoll said the Legislative Assembly has the responsibility to determine how funds are appropriated to state institutions and agencies. He said the bill draft provides oversight regarding funds that are appropriated to University System institutions by the Legislative Assembly.

Representative Streyle said the State Board of Higher Education monitors campus assessments and the bill draft would result in reduced efficiencies. He said many services can be provided more efficiently on a systemwide basis.

Representative Oversen said the bill draft would require the State Board of Higher Education to seek Budget Section approval for every campus assessment regardless of cost. She suggested the committee consider a threshold amount before Budget Section approval is needed.

In response to a question from Chairman Sanford, Mr. Hacker said the State Board of Higher Education does not currently approve every assessment that is charged to campuses. He said the board supports the consolidation of services to improve efficiency.

In response to a question from Chairman Sanford, Dr. Feldner said the University System office purchases software for all campuses and then charges each campus for the software. She said the bill draft would cause a delay in the purchase and distribution of technology items.

Senator Flakoll said assessing campuses for services is different than charging a campus for its share of a bulk purchase. He said it may be better to only require Budget Section approval for assessments for services.

Representative Streyle said several services could be consolidated among campuses. He said smaller campuses would benefit from shared services such as payroll processing.

Senator Flakoll said he is concerned that campus assessments will be used as a way to secure funding for initiatives not funded by the Legislative Assembly.

In response to a question from Senator Holmberg, Senator Flakoll said a previous bill approved by the Legislative Assembly prevented instances of the State Board of Higher Education circumventing the legislative process to fund initiatives. However, he said, the bill had a sunset clause.

Chairman Sanford said he does not support the bill draft. He said the State Board of Higher Education should have the authority to manage its institutions and use judgment regarding the assessment of campuses.

It was moved by Senator Flakoll, seconded by Representative Martinson, and failed on a roll call vote that the bill draft relating to the prohibition of campus assessments be approved and recommended to the Legislative Management. Representatives Delmore, Hawken, and Martinson and Senator Flakoll voted "aye." Representatives Sanford, Beadle, Holman, Meier, Monson, Oversen, Schreiber Beck, and Streyle and Senators Holmberg, Krebsbach, Nelson, O'Connell, and Robinson voted "nay."

State Student Financial Aid Advisory Board

The Legislative Council staff reviewed a bill draft [[17.0179.01000](#)] to create a state student financial aid advisory board to provide recommendations to the State Board of Higher Education regarding financial aid programs administered by the board. He said the advisory board would consist of 10 members representing the University System, the Legislative Assembly, and selected executive branch agencies.

Senator Holmberg said he does not support the bill draft in its current form. He said the State Board of Higher Education already has the authority to appoint an executive committee to provide recommendations to the board. He said there are already concerns that too many legislators are appointed to boards.

Representative Hawken said a new board does not appear to be necessary. She said the State Board of Higher Education should be responsible for the expenses of an advisory board.

Representative Oversen said an advisory board already exists in statute to provide recommendations regarding the needs-based financial aid grant program. She said the bill draft would eliminate the existing advisory board.

In response to a question from Senator Holmberg, the Legislative Council staff said the membership of the existing needs-based financial aid advisory board consists of three financial aid officers, a chief financial officer, a high school counselor, and a higher education student.

Ms. Dolan said the University System requested the bill draft to allow for an advisory board to review all financial aid programs, not just the needs-based program.

Senator Nelson suggested the bill draft be amended to only include Section 2 which repeals the existing needs-based financial aid grant advisory board. She said the State Board of Higher Education could then appoint its own advisory board.

Representative Oversen suggested that any advisory board relating to financial aid programs include student representation.

It was moved by Senator Flakoll, seconded by Senator Holmberg, and carried on a roll call vote to amend the bill draft relating to the state student financial aid advisory board to remove Section 1 of the bill draft which would have created the new financial aid advisory board and to approve and recommend the bill draft, as amended, to the Legislative Management. Representatives Sanford, Beadle, Delmore, Hawken, Holman, Monson, Oversen, Schreiber Beck, and Streyle and Senators Flakoll, Holmberg, Krebsbach, Nelson, O'Connell, and Robinson voted "aye." No negative votes were cast.

Teacher Shortage Loan Forgiveness Program

The Legislative Council staff reviewed a bill draft [[17.0191.01000](#)] to make adjustments to the teacher shortage loan forgiveness program. He said the bill draft would increase the maximum annual loan forgiveness under the program from \$1,000 to \$1,500 per year. He said the bill draft would also prohibit an individual from receiving loan forgiveness from both the teacher shortage loan forgiveness program and the technology occupations loan forgiveness program.

Representative Hawken said some financial assistance programs only provide assistance to the recipient at the end of a term of service. She suggested reviewing options to only provide loan forgiveness after the recipient completes a year of teaching.

Senator Flakoll suggested limiting the loan forgiveness programs to individuals that have a loan through the Bank of North Dakota.

Representative Schreiber Beck said the bill draft does not appear to require a teacher to be employed by a North Dakota school district. She said the bill draft only requires a recipient to have a North Dakota educator's license.

Representative Oversen recommended the bill draft be amended to remove "have been admitted as a full-time student in a teacher preparation program" on page 1, line 13, and to remove "or" on page 1, line 14.

It was moved by Senator Nelson, seconded by Senator O'Connell, and carried on a roll call vote to amend the bill draft relating to the teacher shortage loan forgiveness program to remove reference on page 1, line 13, to being admitted as a full-time student in a teacher preparation program as recommended by Representative Oversen, and to approve and recommend the bill draft, as amended, to the Legislative Management. Representatives Sanford, Beadle, Delmore, Hawken, Holman, Monson, Oversen, Schreiber Beck, and Streyle and Senators Flakoll, Holmberg, Krebsbach, Nelson, O'Connell, and Robinson voted "aye." No negative votes were cast.

E-Transcripts System

The Legislative Council staff reviewed a bill draft [\[17.0253.01000\]](#) relating to the use of the E-Transcripts system by schools. He said the bill draft would require school districts to use assigned state course codes in PowerSchool and to use the E-Transcripts system, or an alternative system, to submit student applications for the North Dakota scholarship program to the Department of Public Instruction.

In response to a question from Representative Delmore, Mr. Korsmo said there is no cost to school districts to use the E-Transcripts system.

In response to a question from Representative Hawken, Mr. Korsmo said the bill draft would not require changes to the transcript programs used by the Fargo and West Fargo school districts.

In response to a question from Senator Flakoll, Mr. Korsmo said the Department of Public Instruction reviewed and supports the bill draft.

In response to a question from Senator Flakoll, Mr. Korsmo said a student does not have the ability to opt-out of using the system.

It was moved by Senator O'Connell, seconded by Senator Krebsbach, and carried on a roll call vote that the bill draft relating to the E-Transcripts system be approved and recommended to the Legislative Management. Representatives Sanford, Beadle, Delmore, Hawken, Holman, Monson, Oversen, Schreiber Beck, and Streyle and Senators Flakoll, Holmberg, Krebsbach, Nelson, O'Connell, and Robinson voted "aye." No negative votes were cast.

Other Bill Drafts

In response to a question from Senator Nelson, Chairman Sanford said the committee previously reviewed a bill draft relating to the jurisdiction of campus police officers. He said the committee did not take action on the bill draft and decided to allow the State Board of Higher Education to review the issue further and submit a bill draft to the 2017 Legislative Assembly if desired.

OTHER BUSINESS

Representative Hawken suggested future interim committees utilize the use of technology to allow committee members to remotely participate in meetings through teleconference or video.

Chairman Sanford said the committee will not be meeting again this interim. He thanked committee members for their work.

It was moved by Senator Robinson, seconded by Senator O'Connell, and carried on a voice vote that the Chairman and the Legislative Council staff be requested to prepare a report and the bill drafts recommended by the committee and to present the report and recommended bill drafts to the Legislative Management.

No further business appearing, Chairman Sanford adjourned the committee sine die at 2:45 p.m.

Brady A. Larson
Assistant Legislative Budget Analyst and Auditor

ATTACH:29